

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2000-0077-C - ORDER NO. 2000-0456

June 5, 2000

IN RE: Application of Suretel, Inc. for a Certificate of)	ORDER
Public Convenience and Necessity to Provide)	GRANTING
Local Exchange Telecommunications)	CERTIFICATE TO
Services within the State of South Carolina.)	PROVIDE LOCAL
)	SERVICES

✓ DW

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Suretel Telephone Company ("Suretel" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide local exchange telecommunications services throughout the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1999) and the Regulations of the Public Service Commission of South Carolina.

By letter, the Commission's Executive Director instructed Suretel to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The proposed Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. Suretel complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC").

On April 26, 2000, counsel for SCTC filed with the Commission a Stipulation in which Suretel stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Suretel provided written notice of its intent prior to the date of the intended service. Suretel also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Suretel agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to Suretel to provide local services provided the conditions contained in the Stipulation are met. The Stipulation was entered into the evidence of the hearing, and the Staff requested that the Stipulation be approved by the Commission. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on May 11, 2000, at 3:30 p.m., in the Commission's Hearing Room. The Honorable Philip T. Bradley, Chairman, presided. Suretel was represented by Faye A. Flowers, Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff.

David H. Miller, Chief Operating Officer of Suretel, appeared and testified in support of the Application. Suretel is a privately-owned Oklahoma corporation formed on June 21, 1996, which was granted a Certificate of Authorization to transact business in the State of South Carolina by the South Carolina Secretary of State on October 4, 1999.

Mr. Miller offered that Suretel possesses the necessary financial qualifications to provide the services for which it seeks authority. Suretel provided, with its application, its own financial

information, as well as that of Chickasaw Holding Company (CHC), Suretel's parent company, to demonstrate Suretel's financial resources. Mr. Miller acknowledged that Suretel has sufficient capital necessary to fund its proposed operations in South Carolina, and that it would rely, if ever necessary, on its parent company, Chickasaw Holding Company. CHC is comprised of twelve individual companies, one of which is Chickasaw Telephone Company, a rural local exchange carrier in Oklahoma with nine exchanges. Suretel was the first provider of prepaid telephone services in Oklahoma and is currently providing prepaid and competitive local exchange telephone services to 31,000 plus customers. Andrew Halko, Chief Financial Officer for Suretel, will be the Company's financial contact person. He can be reached at (405) 946-1200.

Regarding the Company's technical ability and managerial abilities to offer services in South Carolina, Mr. Miller offered that Suretel has sufficient technical and managerial resources and abilities to provide the services for which authority is sought. Mr. Miller stated that Suretel's management team is composed of individuals who have a significant number of years of business and telecommunications experience. He began his career in the telecommunications industry in 1966. The record also reveals that Suretel's own technicians perform maintenance service to customers in Oklahoma who subscribe to inside maintenance; that Suretel technicians will perform the same services in South Carolina. Mr. Miller testified that the ILEC will be responsible for the dial tone up to the interface. The regulatory contact person for Suretel is Thomas F. Riley, Jr.

As further evidence of the company's abilities to provide the services for which authority is requested, Mr. Miller offered that Suretel will do its own billing in-house in Oklahoma City, Oklahoma; the bill contains information about the customer's due date and the customer service

telephone number. Mr. Miller further testified that Suretel complies with the five days written notice requirement for disconnection but usually will go beyond that time frame to keep a customer.

Mr. Miller explained that Suretel's customer service department is available five days a week (Monday-Friday) from 8:00 a.m. – 9:00 p.m. (Central Time), and on Saturdays from 8:00 a.m. - 6:00 p.m. An answering device will take calls on Sundays. The Customer Service contact person is Monty Beckham at (405) 946-1200.

Mr. Miller testified that Suretel seeks authority to offer and provide resold local exchange telecommunications service, including local calling ("dialtone"), initially on a prepaid, toll blocked-basis only. Prepaid services are services for which a company does not perform consumer credit checking or application screening and which are paid for prior to service being rendered. Prepaid services are structured to attract customers who do not currently have telephone service, including those prospective customers who have been denied service by other providers. Although initially Suretel intends to offer its telecommunications services only in the exchanges of BellSouth in South Carolina, Suretel eventually plans to offer resold local exchange services to business and residential customers throughout South Carolina, subject to any orders of the Commission regarding areas served by independent local exchange company areas. Mr. Miller testified Suretel has negotiated resale/interconnection agreements with BellSouth and with GTE South pursuant to the Telecommunications Act of 1996. The agreements will be filed with the Commission for approval when Suretel receives its certificate. At this time, Suretel has no customers in South Carolina.

Suretel seeks authority to provide all local exchange telecommunications services and any services ancillary to local exchange service -e.g., custom calling and "CLASS" type services, Centrex-type services, private line, high capacity services and interexchange toll services. Mr. Miller explained that Suretel primarily sets up store-front type operations in strip malls that hire local people from the community to serve as its representatives. He stated those store-front employees will be trained by Suretel's in-house organization. In addition to selling the prepaid services, the representatives will perform collection functions. He further testified that Suretel may hire some agents outside of the metropolitan market where it has a market. Suretel will market its services, after doing demographic research, through the local media such as radio, television, and newspapers. Those ads will feature a telephone number that will refer the prospective customer to one of its store-front locations. The Company does not intend to do any telemarketing at this time; Mr. Miller is aware of the Commission's marketing guidelines.

Mr. Miller affirmed that Suretel will provide services that meet the service standards of the Commission, that Suretel will participate in the support of universally available telephone service at affordable rates as required by the Commission, and that the services provided by Suretel will neither adversely impact the availability of universally affordable local exchange service nor adversely impact the public interest. According to Mr. Miller, approval of the authority for Suretel will provide consumers in South Carolina with additional choices of local service, and will offer increased efficiency to the existing telecommunications network. Mr. Miller also testified that Suretel will operate in compliance with the Commission's Rules and Regulations, orders and statutes.

Mr. Miller commented on the two complaints that had been logged against Suretel since 1997 when it started providing local exchange telecommunications services as stated in Exhibit D of the application. He explained that the two complaints had to do with confusion surrounding start up of the company; they specifically involved some service orders with an ILEC. Mr. Miller testified the complaints had been rectified to everyone's satisfaction and to his knowledge, no more complaints have been filed.

According to the application and Mr. Miller, Suretel requests waivers of certain Commission regulations. First, Suretel requests a waiver of Reg. 103-631 so that it will not be required to publish its own local directory. Second, Suretel seeks a waiver of Reg. 103-610 which requires a company to keep its books and records within South Carolina. Suretel desires to keep its books and records at its headquarters in Oklahoma City, Oklahoma; it will keep South Carolina specific records. Finally, Suretel seeks a partial waiver of Reg. 103-612.2 which requires a Company to file specific rates. Mr. Miller stated Suretel cannot provide that price list until it gets its wholesale prices from the ILECS; they will file it in the final tariff. Further, Mr. Miller testified that while he cannot testify at this time as to what the prices of basic services will be in South Carolina, he knows that in Oklahoma the basic rate is sometimes \$34.00, sometimes \$39.95 and sometimes in the low \$40's in some areas, depending on the discount cost from the local carrier. With regard to Suretel's requests for waivers of Reg. 103-631 and 103-610, the Commission grants those two waivers.

Upon consideration of the application and the record from the hearing, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Suretel is organized as a corporation under the laws of Oklahoma and has received a certificate from the South Carolina Secretary of State to transact business within South Carolina as a foreign corporation.
2. Suretel wishes to provide local exchange services within the State of South Carolina.
3. The Commission finds that Suretel possesses the technical, financial, and managerial resources sufficient to provide the service requested. S.C. Code Ann. §58-9-280(B)(1) (Supp. 1999).
4. The Commission finds that Suretel's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. §58-9-280(B)(3) (Supp. 1999).
5. The Commission finds that Suretel will support universally available telephone service at affordable rates. S.C. Code Ann. §58-9-280(B)(4) (Supp. 1999).
6. The Commission finds that Suretel will provide services which will meet the service standards of the Commission. S.C. Code Ann. §58-9-280(B)(2) (Supp. 1999).
7. The Commission finds that the provision of local exchange service by Suretel "does not otherwise adversely impact the public interest." S.C. Code Ann. §58-9-280(B)(5) (Supp. 1999).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Suretel to provide

competitive intrastate local exchange services within the State of South Carolina. The terms of the Stipulation between Suretel and the SCTC (attached hereto as Order Exhibit 1) are approved and adopted as a portion of this Order. Any proposal to provide local services to rural service areas is subject to the terms of the Stipulation. In accordance with the Stipulation, Suretel may not provide any local service to a customer located in a rural incumbent LEC's service area, unless or until Suretel provides such rural incumbent LEC and the Commission, written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. The Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while it conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon a showing of good cause. It is specifically provided that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Order in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications as they may be entitled. If, after notice from Suretel that it intends to serve a customer located in a rural incumbent LEC's service area, and the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or if the Commission institutes a proceeding of its own, no service may be provided by Suretel in a rural incumbent LEC's service area pursuant to this Order without prior and further Commission approval.

2. Suretel shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and

comporting with South Carolina law in all matters. Any proposed change in the rates reflected in the tariff for local services which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

3. Suretel shall resell or provide the services of only those companies authorized to provide telecommunications services in South Carolina by this Commission.

4. Suretel shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

5. Suretel shall file annual financial information in the form of annual reports and gross receipt reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. The Annual Report for Competitive Local Exchange Carriers consists of four pages and is enclosed as Attachment B. Therefore, Suretel shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings.

6. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Suretel to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities

is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, Suretel shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

7. The Company shall, in compliance with Commission regulations, designate and maintain authorized utility representatives who are prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the names of the authorized representatives to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

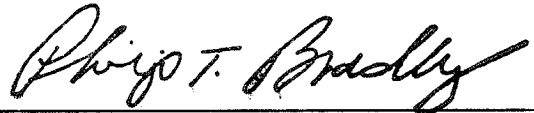
Suretel shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. (Attachment A shall be utilized for the provision of this information to the Commission.) Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

8. Suretel shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

9. Suretel requested waivers from certain Commission regulations and requirements. Specifically, Suretel requested waivers from (1) the requirement found in Rule 103-631 to publish and distribute local exchange directories, and (2) the requirement contained in Rule 103-610 that all records be kept within the State of South Carolina. For good cause shown, the Commission finds and concludes that Suretel should be granted waivers, as requested, from (1) the requirement contained in Reg. 103-631 to publish and distribute local exchange directories, and (2) the requirement contained in Reg. 103-610 that records be kept within the State of South Carolina. Suretel has also shown that it will arrange with the incumbent local exchange company to include the customers of Suretel in the directory listing of the ILEC directory. Also, Suretel has indicated that it will make its records available for inspection upon request by the Commission if allowed to keep books and records at its principal place of business in Oklahoma. Suretel is directed to comply with all Commission regulations, unless a regulation is specifically waived by the Commission.

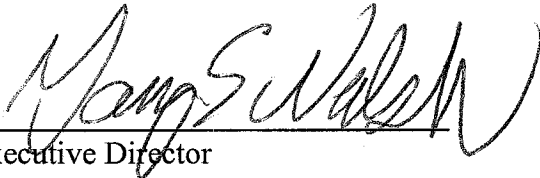
10. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

JUNE 5, 2000

ATTACHMENT A

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).**

DOCKET NO. 2000-0077-C – ORDER NO. 2000-0456
JUNE 5, 2000
ATTACHMENT B

ANNUAL REPORT FOR COMPETITIVE LOCAL EXCHANGE CARRIERS

COMPANY NAME: _____

ADDRESS: _____

CITY: _____ **STATE:** _____ **ZIP:** _____

PHONE NUMBER: _____ **FAX NUMBER:** _____

****If any of this information changes, the Commission is to be notified at once****

OFFICERS: PRESIDENT: _____

VICE PRESIDENT: _____

TREASURER: _____

CONTACT PERSON FOR FINANCIAL AND REGULATORY INFORMATION:

NAME: _____

(PLEASE PRINT OR TYPE)

CONTACT'S PHONE: _____

****If this person changes, you must notify the Commission immediately****

COMPETITIVE LOCAL EXCHANGE CARRIERS

Company Name: _____

Income Statement
12/31/2000/or Fiscal Year

Particulars	<u>Current Year-Total</u> <u>Company</u>	<u>Last Year-Total</u> <u>Company</u>	<u>SC Intrastate-Current</u> <u>Year</u>
Revenues			
Operating Revenues			
<u>Operating Expenses</u>			
Access and Billing Expenses and Expenses Related to Resale			
Other Local Interconnection Expenses			
Leases Facilities from Other Carriers			
Communications System Operations			
Sales and Marketing			
Administration and General			
Depreciation and Amortization			
Other			
Total Operating Expenses			
Net Operating Income			
<u>Other Income and Expenses</u>			
Nonoperating Income and Expenses (Net)			
Nonoperating Taxes			
Interest			
Extraordinary Items			
Total Other Income and Expenses (Net)			
Net Income			

Number of South Carolina Access Lines	
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COMPETITIVE LOCAL EXCHANGE CARRIERS

Company Name: _____

**Balance Sheet-Total Company
December 31, 2000/or Fiscal Year Ending**

Particulars	Balance at Beginning of Year	Balance at Ending of Year
<u>Current Assets</u>		
Cash and Cash Equivalents		
Accounts Receivable-Telecommunications		
Accounts Receivable-Other		
Notes Receivable		
Other Receivables		
Materials and Supplies		
Prepays		
Other Current Assets		
Total Current Assets		
<u>Noncurrent Assets</u>		
Investments		
Other Noncurrent		
Deferred Charges		
Total Noncurrent Assets		
<u>Plant Assets</u>		
Telecommunications Plant in Service		
Accumulated Depreciation		
Net Telecommunications Plant in Service		
Other Plant Assets (Net of Depreciation)		
Construction Work in Progress		
Total Plant		
Total Assets		

COMPETITIVE LOCAL EXCHANGE ANNUAL REPORT

Company Name: _____

Balance Sheet-Total Company
December 31, 2000/or Fiscal Year Ending

Particulars	Balance at Beginning of Year	Balance at Ending of Year
Current Liabilities		
Accounts Payable		
Advanced Billings and Payments		
Customer Deposits		
Long Term Debt-Current Maturities		
Accrued Liabilities		
Other Current Liabilities		
Total Current Liabilities		
LongTerm Debt		
Long Term Debt		
Obligations Under Capital Leases		
Advances From Affiliated Companies		
Other Long Term Debt		
Total Long Term Debt		
Stockholders Equity		
Capital Stock		
Additional Paid in Capital		
Retained Earnings		
Total Stockholders Equity		
Total Liabilities and Stockholders Equity		

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

*filed 4/26/00
ASK*

Docket No. 2000-0077-C

Re: Application of Suretel, Inc. for a Certificate)
of Public Convenience and Necessity to Provide)
Local Exchange Telecommunications Services)
in the State of South Carolina)
_____)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Suretel, Inc. ("Suretel") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Suretel's Application. SCTC and Suretel stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Suretel, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Suretel stipulates and agrees that any Certificate which may be granted will authorize Suretel to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Suretel stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Suretel stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until Suretel provides such rural incumbent LEC and the Commission with written notice of its

intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Suretel acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Suretel stipulates and agrees that, if Suretel gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Suretel will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Suretel acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

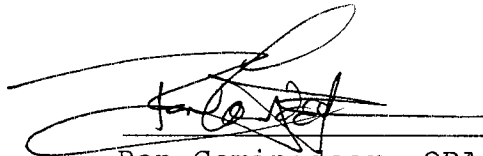
7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Suretel, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Suretel agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Suretel hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 20th day of April, 2000.

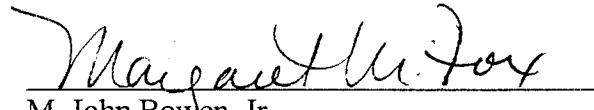
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(803) 799-9800

Attorneys for the South Carolina Telephone Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.

Chesnee Telephone Company

Chester Telephone Company

Farmers Telephone Cooperative, Inc.

Ft. Mill Telephone Company

Heath Springs Telephone Company Inc.

Home Telephone Company, Inc.

Lancaster Telephone Company

Lockhart Telephone Company

McClellanville Telephone Company

Norway Telephone Company

Palmetto Rural Telephone Cooperative, Inc. *long d*

Piedmont Rural Telephone Cooperative, Inc.

Pond Branch Telephone Company

Ridgeway Telephone Company

Rock Hill Telephone Company

Sandhill Telephone Cooperative, Inc.

St. Stephen Telephone Company

West Carolina Rural Telephone Cooperative, Inc.

Williston Telephone Company